



PROSPERA

A FRESH LOOK AT MALTA 2009

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Where is Malta?



Why Malta?

- English is the official language
- No exchange control regulations /Euro
- Business may be conducted in any currency
- Government support
- Well regulated
- Member of the EU
- Advanced Tax Rulings available
- No advance corporate tax
- Malta companies are always tax residents of Malta
- No CFC regulations
- Low operating costs
- Excellent tax system after 2007 tax reform
- Confidentiality guarded by the Professional Secrecy Act

Uses of Malta Companies

- International Trading
- International Holding
- Finance Companies
- Intellectual Property Holding
- Investment Companies
- Immovable Property Planning
- Online Gambling Companies
- Shipping Companies
- Investment Funds

Malta Tax Reform 2007

- One of the lowest net tax costs in the EU
- Attractive EU holding company jurisdiction
- EU–approved tax imputation system
- Malta Co. allowed to carry on any kind of activity: trading, holding, investments, etc.
- Equal treatment of branches of non–resident companies
- Malta holding companies as flow–through entities: cash flow advantage created



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Taxation of Trading Profits as of 01.01.2007

- Trading profits taxed at 35 %
- Shareholders entitled to a tax refund of 6/7ths (30 %)
- No dividend withholding tax
- Effective tax rate: 5 % after tax refund
- Lowest effective tax rate in the EU



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Taxation of Malta Trading Income

Tax Refund to Foreign Shareholder





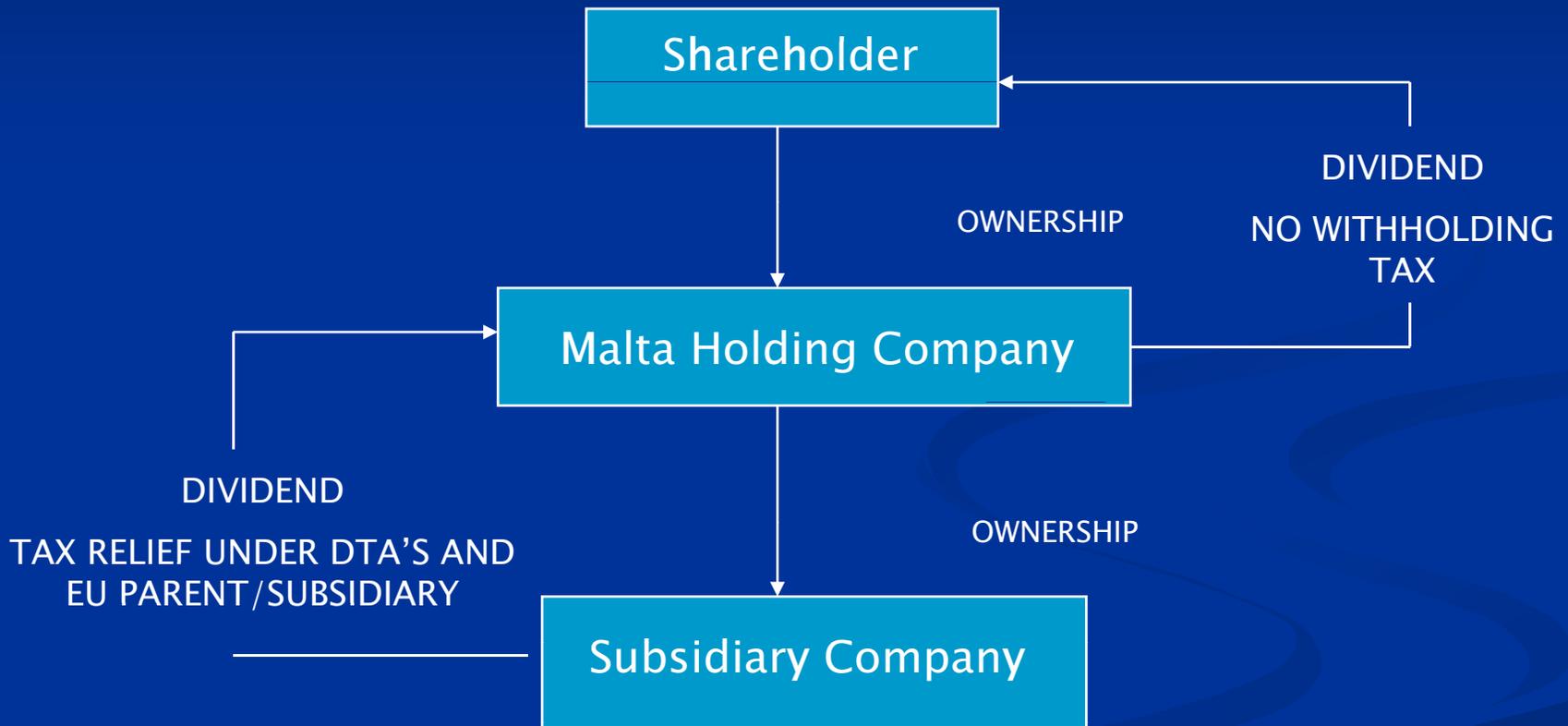
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NEW: Participation Exemption

Dividends and capital gains from a “participating holding” have two taxation options:

1. Apply for participation exemption:
dividends and capital gains are tax free in Malta
2. Declare dividend income, or gains:
pay tax at the rate of 35 % and shareholders may claim a full refund

Using Malta As A Holding





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Double Taxation Treaty relief (DTT relief)

- 46 treaties in force
- More treaties being negotiated
- Most based on the O.E.C.D. Model
- A tax credit for foreign tax paid is granted under DTT relief
- Treaty benefits available to ALL Malta companies

Other advantages

- Support by MFSA
- EU VAT numbers
- EU Parent/Subsidiary Directive
- No dividend withholding tax

Other advantages

- Normal onshore company
- Annual audited accounts filed
- No reputation as a tax avoidance structure
- Advantages further increased if:
 - bank account in Malta
 - management in Malta
 - back office administration in Malta

Banking System in Malta

- Part of SEPA – Single Euro Payments Area
- Official currency is the Euro
- Two largest banks are:
 - Bank of Valletta; www.bov.com
 - HSBC; www.hsbc.com.mt
- Internet banking available

Advance Tax Rulings

- Tax rulings are available for:
 - general anti-avoidance provisions
 - participating holding qualifications
 - tax treatment of financial instruments
 - tax treatment of international transactions
- Conditions of tax rulings:
 - guaranteed for 5 years
 - renewable for further 5 years
 - grandfather clause guaranteed for 2 years

Other advantages

- No withholding tax on outbound:
 - Dividends
 - Interest
 - Royalties
- No transfer pricing and CFC rules
- No thin capitalisation rules
- EU approval for the tax imputation system
- Re-domiciliation into and out of Malta without the need of winding up or liquidation costs

Corporate Requirements

- Standard share capital: EUR 1,165 (or any foreign currency)
- 20 % to be paid up upon formation
- Bearer shares not allowed
- Nominee shareholders are permitted
- Minimum number of shareholders: two (one)
- Minimum number of directors: one
- Corporate directors are permitted
- Local directors not required
- Local directors' /shareholders' meeting not required
- Company secretary is required
- Local Registered office is required



Disclosure and Reporting Requirements

- No public disclosure of Beneficial Owner
- Confidentiality increased by a Licensed Nominee Shareholder / Trustee
- Disclosure of BO only to the Nominee Shareholder / Trustee
- Register of directors is public
- Register of shareholders is public
- Audited accounts required

General Information

- Company formation in 2–3 days
- Shelf companies not available
- A minimum of one annual General Meeting of Shareholders required
- Bank Accounts in Malta, or elsewhere
- Professional Secrecy Act of Malta

Return and Refund Deadlines

- Annual Financial Statements submitted within 9 months by 30.09.
- Tax Return submitted and tax paid within 18 months by 30.06.
- Tax refunds within 2 months following the month tax has been paid and tax refund claim submitted

Conclusion

- New tax system as of 01.01.2007
- Existing structures unaffected by tax reform
- New opportunities due to tax reform
- Effective tax on trading profits: 5 %
- Effective tax on holding profits: 0 %
- Participation exemption: cash flow advantages
- Participation exemption: dividend income / gains need not be declared in a Tax Return
- EU approved tax imputation system
- Government supports financial industry

**THANK YOU
WELCOME TO
MALTA**



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